

Message Text

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ACTION EUR-12

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SUBJECT: TRADE RELATIONS WITH EASTERN EUROPEAN COUNTRIES

REF: ATHENS 2720 (NOTAL)

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1. THE PAST TWO WEEKS HAVE SEEN A FLURRY OF ECONOMIC ACTIVITY BETWEEN GREECE AND THREE OF HER NORTHERN NEIGHBORS, HIGHLIGHTS OF WHICH FOLLOW:

2. ALBANIA. RESPONDING TO THE INVITATION OF GREEK MINISTER OF COMMERCE VARVITSIOTIS (WHO VISITED TIRANA LAST SUMMER), ALBANIAN
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COMMERCE MINISTER NEDIN HOXHA ARRIVED IN ATHENS MAR 27 HEADING AN OFFICIAL TRADE DELEGATION. ON MAR 30, THE ALBANIAN COMMERCE MINISTER SIGNED
THE FOLLOWING THREE AGREEMENTS WITH THE GREEK GOVERNMENT:

A. A TRADE PROTOCOL TO THE 1976 5-YEAR GREEK-ALBANIAN TRADE AGREEMENT ESTABLISHING COMMODITY LISTS AND QUOTAS FOR 1977.

TOTAL COMMERCIAL TRANSACTIONS FOR 1977 ARE ESTIMATED TO BE AROUND \$21 MILLION, EXCEEDING LAST YEAR'S FIGURE BY ABOUT 25 PERCENT. MAIN ALBANIAN COMMODITIES TO BE IMPORTED ON THE BASIS OF THE NEW AGREEMENT INCLUDE ASPHALT, ELECTRIC POWER, CHEMICAL PRODUCTS, HIDES, ETC., WHILE GREEK EXPORTS INCLUDE COTTON, DURUM WHEAT, METALLURGICAL PRODUCTS, CHEMICALS AND PHARMACEUTICALS. PAYMENT ON TRANSACTIONS BETWEEN GREECE AND ALBANIA IS BEING EFFECTED THROUGH CLEARING ACCOUNTS.

B. A PLANT PATHOLOGY AGREEMENT VALID FOR FIVE YEARS AND SUBJECT TO RENEWAL BY MUTUAL CONSENT. IT PROVIDES FOR EXCHANGE OF INFORMATION, AND SCIENTIFIC COOPERATION TO PREVENT EXPANSION OF PLANT DISEASES.

C. A PUBLIC HEALTH AGREEMENT WHICH PROVIDES FOR TIGHTER COOPERATION BETWEEN THE TWO COUNTRIES WITH REGARD TO PREVENTION OF AND FIGHTING AGAINST EPIDEMIC DISEASES IN BORDER AREAS. THE ALBANIAN MINISTER'S PROGRAM IN ATHENS INCLUDED A NUMBER OF VISITS TO INDUSTRIAL PLANTS AND SHIPYARDS.

3. YUGOSLAVIA. GREEK COORDINATION MINISTER PAPALIGOURAS PAID AN OFFICIAL VISIT TO YUGOSLAVIA FROM MARCH 23 TO 27 AT THE INVITATION OF THE YUGOSLAV GOVERNMENT (REFTEL). DURING HIS STAY IN BELGRADE, MR. PAPALIGOURAS HAD AN EXTENSIVE SERIES OF TALKS ON MATTERS CONCERNING ROAD AND RAILWAY TRANSPORT TO EUROPEAN COUNTRIES VIA YUGOSLAVIA; THE CONSTRUCTION OF A PIPELINE, PART OF WHICH WILL PASS THROUGH GREECE; THE "EUROPORT" OF THESSALONIKI; A FLOATING BRIDGE LINKING THE DANUBE AND AXIOS RIVERS, AND OTHER GENERAL ECONOMIC MATTERS. WHILE THERE, HE ALSO SIGNED THE NEW GREEK-YUGO AGREEMENT LIMITED OFFICIAL USE

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ON TRADE, TOURISM, TECHNICAL AND ECONOMIC COOPERATION, WHICH WAS INITIALED IN BELGRADE EARLY IN MARCH BY DELEGATIONS OF THE TWO COUNTRIES. THE MOST SIGNIFICANT PROVISION OF THE NEW AGREEMENT IS THE ABOLITION OF JULY 1 OF THE CLEARING ACCOUNT SYSTEM AND THE ESTABLISHMENT OF A FREE CURRENCY PAYMENTS PROCEDURE.

(COMMENT: MOST EASTERN EUROPEAN COUNTRIES HAVE BEEN TRYING TO CHANGE THEIR PAYMENT ARRANGEMENTS WITH GREECE, FROM CLEARING ACCOUNTS TO SETTLEMENTS IN HARD CURRENCIES, FOR SEVERAL YEARS, SINCE GREECE OFTEN IS IN DEFICIT. THIS AGREEMENT WITH YUGOSLAVIA PRESAGES A CHANGE IN GREEK POLICY AND WILL PROBABLY BE FOLLOWED BY SIMILAR AGREEMENTS WITH OTHER EASTERN EUROPEAN COUNTRIES.)

4. ROMANIA. THE BALKAN TOUR OF PAPALIGOURAS DURING MARCH INCLUDED, AS NOTED IN REFTEL, A THREE-DAY OFFICIAL VISIT TO BUCHAREST. PAPALIGOURAS AND HIS HOSTS DISCUSSED THE IMPLEMENTATION OF AGREEMENTS WHICH WERE SIGNED IN ATHENS IN MAR 1976 DURING THE VISIT OF ROMANIAN PRES. CEAUSESCU TO GREECE. OTHER TALKS COVERED COOPERATION IN SEA TRANSPORT, TOURISM, ELECTRICITY, TELECOMMUNICATIONS, AND

GEOLOGICAL INVESTIGATION. ROMANIA HAS, REPORTEDLY, EXPRESSED INTEREST IN COOPERATING MORE CLOSELY IN THE SECTOR OF OIL-PROSPECTING AND EXPLOITATION; ROMPETROL, THE ROMANIAN STATE PETRO AGENCY, HAD BEEN CHOSEN EARLIER BY THE GREEK PUBLIC POWER CORPORATION TO CONDUCT 2,500 METER DEEP EXPLORATORY OIL DRILLINGS IN THE NESTOS RIVER DELTA, AND ACTIVITIES ARE NOW UNDER WAY. TOPICS DISCUSSED ALSO INCLUDED CHANGE OF THE PAYMENTS SYSTEM AND ABOLITION OF CLEARING ACCOUNTS. HOWEVER ACCORDING TO PRESS REPORTS, THE ROMANIAN SIDE DOES NOT WISH SUCH A CHANGE, AT LEAST FOR THE TIME BEING. THE TRADE AND PAYMENTS AGREEMENTS SIGNED IN 1976 IN ESSENCE EXTENDED THE EXISTING BILATERAL CLEARING ACCOUNT UNTIL 1980 (ATHENS '76 A-76). BEFORE HIS DEPARTURE FROM ROMANIA, MR PAPALIGOURAS VISITED PLOESTI, ROMANIA'S BIGGEST INDUSTRIAL CITY KNOWN FOR ITS OIL WELLS AND REFINERIES. END UNCLASSIFIED.

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5. COMMENT: THESE VISITS AND ECONOMIC EXCHANGES REFLECT THE GOG'S INCREASED ATTENTION TO ITS RELATIONS WITH ITS BALKAN NEIGHBORS SINCE THE RETURN OF DEMOCRATIC GOVERNMENT HERE IN THE SUMMER OF 1974. HOWEVER THEY DO NOT REPRESENT ANY BASIC CHANGE IN GREEK ORIENTATION OR POLICY. IN ANY EVENT, GREECE'S TRADE WITH THESE THREE SOCIALIST COUNTRIES TO THE NORTH IN 1975 REPRESENTED ONLY 5.9PC OF TOTAL GREEK EXPORTS AND 1.5PC OF IMPORTS, WITH YUGOSLAVIA OCCUPYING THE MOST IMPORTANT TRADING POSITION AMONG THE THREE.
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